



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
MUHLENBERG COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.STATE.KY.US/AGENCIES/APA](http://WWW.STATE.KY.US/AGENCIES/APA)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
MUHLENBERG COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS .....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES.....	10
NOTES TO FINANCIAL STATEMENTS .....	12
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	17
SCHEDULE OF OPERATING REVENUE.....	20
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	29
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	41
COMMENT AND RECOMMENDATION .....	45
APPENDIX A:	
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Rodney Kirtley, County Judge/Executive  
Members of the Muhlenberg County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Muhlenberg County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Muhlenberg County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Muhlenberg County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Muhlenberg County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Rodney Kirtley, County Judge/Executive  
Members of the Muhlenberg County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Muhlenberg County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying Comment and Recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 1999 on our consideration of Muhlenberg County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 7, 1999

MUHLENBERG COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Rodney Kirtley	County Judge/Executive
Darris Russell	County Attorney
Gaylan Spurlin	County Clerk
Janet Hearld	Circuit Court Clerk
Jerry Mayhugh	Sheriff
Willie Justice	Jailer
William H Alward	Property Valuation Administrator
Charles R. Lewis	County Treasurer
Tony Armour	Coroner
Malcolm West	Magistrate
Joe Fleming	Magistrate
Jim McDonald	Magistrate
Daniel Bowles	Magistrate
Robert Rhoades	Magistrate





STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



MUHLENBERG COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 527,704
Investments	785,000

Road and Bridge Fund:

Cash	250,099
------	---------

Jail Fund - Cash

89,839

Jail Commissary Fund - Cash

18,086

Local Government Economic Assistance Fund:

Cash	147,505
------	---------

Other Resources

General Fund:

Amounts to be Provided in Future Years for Waterline Construction  
Obligations - Lease Principal Payments (See Note 5)

119,000

Road and Bridge Fund:

Amounts to be Provided in Future Years for Equipment Loan

93,101

Total Assets and Other Resources

\$ 2,030,334

Liabilities and Fund Balances

Liabilities

General Fund:

Waterline Construction Obligations - Lease Principal Payments (See Note 5)

\$ 119,000

Road and Bridge Fund - Equipment Loan

93,101

Fund Balances

Reserved:

Jail Commissary Fund	18,086
----------------------	--------

Unreserved:

General Fund	1,312,704
Road and Bridge Fund	250,099
Jail Fund	89,839
Local Government Economic Assistance Fund	147,505

Total Liabilities and Fund Balances

\$ 2,030,334

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MUHLENBERG COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,173,532	\$ 3,382,111	\$ 1,071,892	\$ 307,599
Transfers In	283,630	15,121	61,810	206,699
Jail Commissary Fund Receipts	15,386			
Total Cash Receipts	<u>\$ 5,472,548</u>	<u>\$ 3,397,232</u>	<u>\$ 1,133,702</u>	<u>\$ 514,298</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,324,719	\$ 3,172,344	\$ 1,302,590	\$ 484,735
Transfers Out	283,630	268,509		
Lease Purchase Agreement - Principal	6,000	6,000		
Jail Commissary Fund Expenditures	12,692			
Total Cash Disbursements	<u>\$ 5,627,041</u>	<u>\$ 3,446,853</u>	<u>\$ 1,302,590</u>	<u>\$ 484,735</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (154,493)	\$ (49,621)	\$ (168,888)	\$ 29,563
Cash Balance - July 1, 1997*	1,972,726	1,362,325	418,987	60,276
Cash Balance - June 30, 1998*	<u>\$ 1,818,233</u>	<u>\$ 1,312,704</u>	<u>\$ 250,099</u>	<u>\$ 89,839</u>

\* Cash Balances Include Investments

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Forest Oaks Water Project CDBG Fund
\$	\$ 411,930	\$
15,386		
\$ 15,386	\$ 411,930	\$ 0
\$	\$ 365,050	\$ 15,121
12,692		
\$ 12,692	\$ 365,050	\$ 15,121
\$ 2,694	\$ 46,880	\$ (15,121)
15,392	100,625	15,121
\$ 18,086	\$ 147,505	\$ 0

MUHLENBERG COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Muhlenberg County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Muhlenberg County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.



MUHLENBERG COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The depository institution has made such a pledge, and the depository institution's board of directors or loan committee approved the pledge. However, the depository institution did not have a written agreement with the county.

MUHLENBERG COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1998  
 (Continued)

Note 4. Short-Term Debt

On January 25, 1996, the county borrowed \$176,205 from Fifth Third Bank for the purchase of an excavator. The loan agreement requires a \$3,304 payment of principal and interest monthly.

Liabilities of the Road and Bridge Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Principal Balance as of June 30, 1998
Excavator	01/25/96	12/25/00	4.90%	\$ 93,101

Note 5. Lease-Purchase Agreements

The county entered into a \$147,000 lease-purchase agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of waterlines. Terms of the agreement stipulate a 20-year repayment schedule at the effective interest rate. The agreement requires monthly payments of interest and annual payments of principal. As of June 30, 1998, the principal balance due was \$119,000.

Liabilities of the General Fund are:

Waterlines

Due Date	Scheduled Interest	Scheduled Principal
1998-1999	\$ 7,603	\$ 6,000
1999-2000	7,212	6,000
2000-2001	6,793	7,000
2001-2002	6,336	7,000
2003-Thereafter	33,431	93,000
	<u>\$ 61,375</u>	<u>\$ 119,000</u>

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



MUHLENBERG COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,790,661	\$ 3,382,111	\$ 591,450
Road and Bridge Fund	1,045,900	1,071,892	25,992
Jail Fund	446,300	307,599	(138,701)
Local Government Economic Assistance Fund	365,050	411,930	46,880
Total	<u>\$ 4,647,911</u>	<u>\$ 5,173,532</u>	<u>\$ 525,621</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 4,647,911
Add: Budgeted Prior Year Surplus	1,163,365
Less: Other Financing Uses	<u>(6,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 5,805,276</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF OPERATING REVENUE

**MUHLENBERG COUNTY**  
**SCHEDULE OF OPERATING REVENUE**

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 700,393	\$ 700,393	\$	\$
Timber Tax	1,968	1,968		
Excess Fees	332,933	332,933		
County Clerk:				
Deed Transfer Tax	35,164	35,164		
Delinquent Taxes	23,613	23,613		
Excess Fees	542,730	542,730		
Tangible Personal Property Taxes:				
Other Counties	8,640	8,640		
County Clerk	128,232	128,232		
State Treasurer:				
Omitted Property Taxes	10,370	10,370		
Delinquent Taxes	10,506	10,506		
In Lieu of Taxes:				
Tennessee Valley Authority	732,789	732,789		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 2,527,338	\$ 2,527,338	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 15,547	\$ 15,547	\$	\$
Federal Disaster and Emergency Services/Emergency Management				
Agency Reimbursement	11,334	11,334		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 26,881	\$ 26,881	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>



MUHLENBERG COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local	Forest
Government	Oaks Water
Economic	Project
Assistance	CDBG
<u>Fund</u>	<u>Fund</u>

\$

\$

<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
-----------	----------	-----------	----------

\$

\$

<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
-----------	----------	-----------	----------

MUHLENBERG COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 130,876	\$	\$	\$ 130,876
Medical Allotments	14,391			14,391
Driving Under The Influence Fees	4,470			4,470
Housing State Prisoners	87,626			87,626
Juvenile Housing	12,780			12,780
County Road Aid	857,930		857,930	
Public Defender Allotment	39,406	39,406		
Truck License Distribution	151,651		151,651	
Energy Recovery	1,211		1,211	
Strip Mine Permits	26,463	26,463		
Courthouse Rental - Administrative				
Office of the Courts	91,042	91,042		
Refunds:				
Legal Process Tax	189	189		
Drivers Licenses	6,564		6,564	
Dog Licenses	158	158		
Severance Taxes:				
Coal	335,487			
Mineral	76,443			
Board of Assessments	175	175		
Grants:				
State Grants (Area Development				
Fund)	40,763	40,763		
Coordinator Salary	3,181	3,181		
Totals	<u>\$ 1,880,806</u>	<u>\$ 201,377</u>	<u>\$ 1,017,356</u>	<u>\$ 250,143</u>

MUHLENBERG COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local	Forest
Government	Oaks Water
Economic	Project
Assistance	CDBG
<u>Fund</u>	<u>Fund</u>

\$

\$

335,487

76,443

\$411,930\$0

MUHLENBERG COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 59,154	\$ 59,154	\$	\$
Circuit Court Clerk:				
Jail Cost	10,615			10,615
Housing Prisoners:				
Other Counties	13,137			13,137
Jail:				
Work Release	32,374			32,374
Jail Bond Acceptance Fees	1,330			1,330
Licenses and Permits:				
Cable TV Franchise	22,993	22,993		
Charges for Services:				
Garbage Bags	197,095	197,095		
Telephone Commission	8,323	8,323		
Concession Sales	51,365	51,365		
Rebate on Interest - KACO	12,770	12,770		
Ambulance Service	6,171	6,171		
Fairground Rentals	42,740	42,740		
Emergency Dispatch Fees	166,818	166,818		
Farm Income	16,959	16,959		
Miscellaneous Items	96,663	42,127	54,536	
Totals	\$ 738,507	\$ 626,515	\$ 54,536	\$ 57,456
Total Operating Revenue	\$ 5,173,532	\$ 3,382,111	\$ 1,071,892	\$ 307,599

MUHLENBERG COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local	Forest
Government	Oaks Water
Economic	Project
Assistance	CDBG
<u>Fund</u>	<u>Fund</u>

\$

\$

<u>\$</u>	<u>\$</u>
0	0
<u>\$ 411,930</u>	<u>\$ 0</u>

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





MUHLENBERG COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,485	\$ 48,243	\$ 242
Secretaries	31,363	31,363	
Office Materials and Supplies	2,200	2,034	166
Advertising	1,500	1,500	
Rental Payments	2,620	2,614	6
Equipment Repair	597	412	185
Bonds	165	164	1
Postage	1,450	1,341	109
New Office Equipment	750	740	10
Telephone	2,500	2,484	16
Travel	2,500	2,007	493
Office of County Attorney:			
Salaries-			
County Attorney	18,685	18,585	100
Secretaries	45,600	45,185	415
Equipment Repair	700	700	
Office Materials and Supplies	4,260	4,255	5
Telephone	3,090	3,086	4
Office of County Clerk:			
Salaries-			
County Clerk	48,450	48,244	206
Deputies	201,500	201,445	55
Rental Payments	32,200	30,165	2,035
Equipment Repair	4,260	1,517	2,743
Dues	1,100	1,100	
Postage	7,250	6,795	455
Training	2,700	2,420	280
Telephone	7,400	7,347	53
Travel	4,200	3,756	444
Office Materials and Supplies	28,000	25,592	2,408
Tax Bill Preparation	9,700	9,669	31

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Sheriff:			
Salaries-			
Sheriff	\$ 48,300	\$ 48,244	\$ 56
Deputies	214,000	213,452	548
Deputies Mileage	85,500	85,316	184
Advertising	1,000	771	229
Rental Payments	4,500	4,335	165
Bond	1,050	1,050	
Equipment Repair	5,000	2,905	2,095
Uniforms	4,000	2,775	1,225
Dues	750	750	
Postage	8,000	6,564	1,436
Law Enforcement Equipment	2,000	1,761	239
Materials and Supplies	4,250	2,689	1,561
New Equipment	500		500
Telephone	4,500	3,746	754
Travel	1,000	65	935
Miscellaneous	1,000	964	36
Office of County Coroner:			
Salaries-			
County Coroner	15,270	15,265	5
Deputy Coroners	11,175	11,146	29
Autopsies and Attendant Service	2,175	959	1,216
Equipment Repairs	650	608	42
Office Supplies	1,750	1,324	426
Supplies	1,000	446	554
Bonds	400	200	200
Training	750	665	85
Telephone	700	613	87
Fiscal Court:			
Magistrates-			
Salaries	54,105	54,041	64
Bonds	200	94	106
Travel	17,500	17,400	100

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Property Valuation Administrator:			
Statutory Contribution	\$ 33,500	\$ 32,585	\$ 915
Office of Board of Assessment Appeals:			
Per Diem	400	300	100
Office of County Treasurer:			
County Treasurer Salary	26,040	26,040	
Advertising	1,000	431	569
Bond	600	590	10
Office Materials and Supplies	1,200	1,105	95
County Law Library:			
Law Librarian Salary	620	620	
Elections:			
Per Diem-			
Election Commissioners	2,500	2,423	77
Election Officers	14,000	12,518	1,482
Advertising	2,000	648	1,352
Polling Places	400	175	225
Printing	10,000	246	9,754
Voting Machine Maintenance	6,500	5,542	958
Miscellaneous Expense	1,000	106	894
Courthouse:			
Renewals and Repairs	25,000	20,523	4,477
Office Equipment	4,000	3,941	59
Utilities	22,500	20,642	1,858
Insurance	75,000	58,183	16,817
Materials and Supplies	5,500	4,292	1,208

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Annex Building:			
Janitor Salaries	\$ 38,500	\$ 38,149	\$ 351
Custodial Supplies	4,500	2,882	1,618
Renewals and Repairs	5,500	3,066	2,434
Utilities	8,500	7,572	928
<u>Protection to Persons and Property</u>			
Constables:			
Office Supplies	200	131	69
Supplies	1,300	1,300	
Bonds	300	101	199
Emergency Dispatch Service:			
Salaries	109,800	109,784	16
Advertising	50		50
Equipment Repairs	9,500	8,272	1,228
Office Supplies	1,500	1,241	259
Other Supplies	5,000	4,792	208
Insurance	1,100	1,018	82
Training	500	44	456
Telephone	14,200	14,180	20
Travel	750	269	481
Utilities	3,000	2,171	829
Office Equipment	4,000	1,898	2,102
Miscellaneous	1,000	452	548
Drug Enforcement:			
Salary	23,700	23,658	42
Narcotic Enforcement	5,000	5,000	
Bonds	200		200
Miscellaneous	200	42	158

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> <u>(Continued)</u>			
County Fire Department:			
Contributions	\$ 2,000	\$ 2,000	\$
Civil Defense:			
Director Salary	41,000	40,895	105
Office Materials and Supplies	2,000		2,000
Ambulance Service:			
Contract	1,000	9	991
Contribution	110,000	110,000	
Forestry Fire Protection:			
Kentucky State Treasurer	3,000	2,678	322
Office of Public Defender:			
Contribution	4,000	3,915	85
<u>General Health and Sanitation</u>			
Dog Control:			
Contribution	25,000	24,362	638
Sanitary Landfill:			
Salary-			
Supervisor	29,150	29,106	44
Laborers	258,000	252,910	5,090
Tipping Fees	93,000	82,922	10,078
Closing Landfill	342,000	324,387	17,613
Petroleum Products	25,000	20,775	4,225
Materials and Supplies	40,000	32,859	7,141
Telephone	3,400	2,810	590
Utilities	6,200	5,234	966
Equipment Maintenance	52,000	45,984	6,016
Other Equipment	95,000	92,906	2,094

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation</u>			
Other Health Programs:			
Red Cross	\$ 500	\$ 500	\$
<u>Social Services</u>			
General Charity and Welfare:			
Contribution	8,000	6,609	1,391
Public Advocacy:			
Contribution	43,000	38,436	4,564
Senior Citizens Program:			
Contribution	25,000	24,889	111
Services to Children and Youth:			
Contribution	10,000	10,000	
<u>Other Recreation Programs:</u>			
Convention Center:			
Salary	55,000	53,280	1,720
Advertising	300		300
Building Maintenance	15,000	13,024	1,976
Equipment Repair	5,000	3,795	1,205
Supplies	13,500	13,384	116
Concessions	24,500	21,872	2,628
Office Supplies	1,050	897	153
Telephone	1,000	729	271
Utilities	14,000	12,423	1,577
<u>Debt Service</u>			
Borrowed Money			
KACO Leasing -Interest	7,995	6,770	1,225
<u>Capital Projects</u>			
Contracted Construction	75,000	49,826	25,174

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Audit Fees	\$ 15,000	\$ 14,597	\$ 403
ADD Membership	9,000	1,083	7,917
KACO Membership	6,000	5,178	822
PADD Travel	1,250	1,059	191
Miscellaneous	1,000	347	653
Contingent Appropriations:			
Reserve for Transfers	169,750		169,750
Fringe Benefits:			
County Contributions-			
Social Security	97,000	96,175	825
Retirement	108,000	103,377	4,623
Health Insurance	160,000	156,064	3,936
Worker's Compensation	70,000	51,669	18,331
Unemployment Insurance	40,000	14,266	25,734
Total Operating Budget	\$ 3,582,905	\$ 3,172,344	\$ 410,561
Other Financing Uses:			
Lease-Purchase Agreement:			
Principal	6,000	6,000	
Total General Fund	\$ 3,588,905	\$ 3,178,344	\$ 410,561

ROAD AND BRIDGE FUND

Roads

Road Maintenance:

Salaries-

Road Supervisor	\$ 30,400	\$ 30,306	\$ 94
Road Labor	398,000	397,806	194
Asphalt	470,000	469,407	593
Concrete			

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Crushed Stone and Gravel	\$ 85,000	\$ 79,759	\$ 5,241
Gasoline	27,500	27,086	414
Road Materials	24,775	23,341	1,434
Equipment Maintenance	43,000	34,709	8,291
Machinery and Equipment-			
New Road Machinery	88,500	77,780	10,720
Telephone	1,525	1,448	77
Utilities	6,500	5,614	886
Other Materials and Supplies	1,500	363	1,137
<u>Debt Service</u>			
Borrowed Money:			
KACO Leasing	41,000	39,644	1,356
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	37,000	37,000	
Social Security	31,200	31,200	
Health Insurance	60,000	47,127	12,873
Total Road and Bridge Fund	<u>\$ 1,345,900</u>	<u>\$ 1,302,590</u>	<u>\$ 43,310</u>



MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,500	\$ 48,244	\$ 256
Jail Personnel	197,400	197,301	99
Association Dues	450	450	
Staff Training	100	46	54
Operations-			
Cleaning Supplies	4,900	4,635	265
Food	30,000	29,991	9
Food Service Supplies	3,250	2,193	1,057
Office Supplies	2,500	1,117	1,383
Prisoner Hygiene	1,300	1,165	135
Routine Medical	8,600	8,463	137
Staff Uniforms	2,750	2,606	144
Utilities	15,000	14,165	835
Pest Control	600	600	
Staff Travel	300	195	105
Telephone	3,050	2,833	217
Equipment	3,300	3,242	58
Housing Prisoners - Other Counties	106,100	106,021	79
Miscellaneous Operating Expense	1,000	450	550
Maintenance-			
Building Repairs	2,600	2,004	596
Equipment Repairs	4,600	2,601	1,999
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	20,000	19,893	107
Social Security	19,000	18,783	217
Health Insurance	21,000	17,737	3,263
Total Jail Fund	<u>\$ 496,300</u>	<u>\$ 484,735</u>	<u>\$ 11,565</u>

MUHLENBERG COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Roads:</u>			
Road Maintenance	\$ 105,050	\$ 105,050	\$
<u>General Government:</u>			
Economic Development Contribution	40,000	40,000	
<u>Protection To Persons and Property</u>			
County Fire Department :			
Contribution	136,000	136,000	
Ambulance Service:			
Contract	<u>84,000</u>	<u>84,000</u>	
Total Local Government Economic Assistance Fund	<u>\$ 365,050</u>	<u>\$ 365,050</u>	<u>\$ 0</u>
<u>CDBG - FOREST OAK PROJECT</u>			
<u>Water System</u>			
Building and Construction	<u>\$ 15,121</u>	<u>\$ 0</u>	<u>15,121</u>
Total Operating Budget - All Funds	\$ 5,805,276	\$ 5,324,719	\$ 480,557
Other Financing Uses:			
Lease-Purchase Agreement:			
Principal	<u>6,000</u>	<u>6,000</u>	
TOTAL BUDGET - ALL FUNDS	<u><u>\$ 5,811,276</u></u>	<u><u>\$ 5,330,719</u></u>	<u><u>\$ 480,557</u></u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Rodney Kirtley, County Judge/Executive  
Members of the Muhlenberg County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An  
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Muhlenberg County Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Muhlenberg County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Muhlenberg County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 7, 1999

144 Capitol Annex  
Frankfort, KY 40601-3448  
Tele. 502-564-5841  
Fax 502-564-2912  
ehatchett@kyauditor.net

An Equal Opportunity Employer M/F/D

2501 Georgetown Road, Suite 2  
Frankfort, KY 40601-5539  
Tele. 502-573-0050  
Fax 502-573-0067

THIS PAGE LEFT BLANK INTENTIONALLY

COMMENT AND RECOMMENDATION





MUHLENBERG COUNTY  
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1998

NONCOMPLIANCES

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$1,885,119; FDIC insurance of \$242,443; and securities pledged of \$3,346,415 as of June 30, 1998. Even though the county obtained pledged securities of \$3,346,415, the pledge was not evidenced by a written agreement. We recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

*Management's Response:*

*As of March 1999, the fiscal court obtained the aforementioned written agreement.*

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE –  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

MUHLENBERG COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

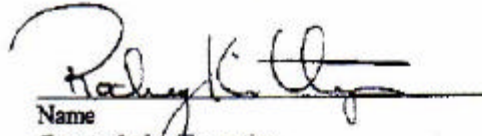


CERTIFICATION OF COMPLIANCE

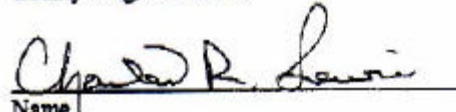
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

MUHLENBERG COUNTY FISCAL COURT

The Muhlenberg County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name  
County Judge/Executive



Name  
County Treasurer